

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

AUDIT & FINANCE COMMITTEE

MINUTES OF MEETING

MARCH 21, 2018

The Audit & Finance Committee of the Board of Directors of the National Railroad Passenger Corporation (Amtrak or Corporation) met at the Corporation's headquarters located at 1 Massachusetts Ave, N.W., in Washington, D.C. on Wednesday, March 21, 2018.

Committee Members participating in the meeting were Jeffrey Moreland (Committee Chairman and Board Vice Chair) and Anthony Coscia (Board Chairman).

Paul Nissenbaum (FRA Associate Administrator) participated in the meeting.

Eleanor D. Acheson (Executive Vice President, Chief Legal Officer, General Counsel & Corporate Secretary), William N. Feidt (Executive Vice President, Chief Financial Officer) and Stephen Gardner (Executive Vice President, Chief Commercial Officer) attended the meeting.

Carol Hanna (Vice President, Controller), Swati Sharma (Vice President, Treasurer), and Tom Howard (Inspector General) attended the meeting.

Mike Blount, Sandy Goetz and Rene Salas from Ernst & Young (EY) attended the meeting.

Mr. Moreland chaired the meeting and called it to order at 10:05 a.m. The minutes were recorded by Ms. Acheson.

APPROVAL OF COMMITTEE MINUTES

Following discussion, upon motion made by Mr. Coscia and seconded by Mr. Moreland, the Committee voted to approve the minutes of its January 24, 2018 meeting.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AND CONSOLIDATED FINANCIAL STATEMENTS WITH REPORT OF INDEPENDENT AUDITORS FY17 (MD&A)

Ms. Hanna presented the MD&A for the Committee's approval; Mr. Gardner addressed the risk factors identified at outset of the MD&A. Concerning the risk factors, Mr. Moreland asked about the reliance on federal funding description and the financial losses of the Long Distance service. Mr. Feidt responded, noting that Amtrak would not be held to a public company standard of disclosure and, also, the Company's strong ratings and record of continuous funding by Congress as counterbalancing factors. After further discussion, upon motion by Mr. Coscia and seconded by Mr. Moreland, the Committee approved the proposed resolution authorizing the Company to submit its FY 2017 audited financial statements to Congress, post its MD&A to www.amtrak.com, and provide its MD&A to the Build America Bureau.

FY17 AUDIT FINDINGS

Ms. Hanna summarized the FY17 audit findings, noting that for the first time since the FY13 audit, there were no material weaknesses reported. There were non-IT control deficiencies, which were not significant or material, either individually or in aggregate. There were IT control deficiencies, which aggregated to a significant deficiency (relating to the design and operation of information systems controls).

Ms. Hanna also addressed auditor EY's staffing and costs for the FY17 audit and the efficiencies and other progress achieved by Amtrak and EY in the annual audit process.

Ms. Blount of EY echoed Ms. Hanna's comments on the audit results and introduced Rene Salas of EY as the new engagement partner for Amtrak.

Mr. Moreland asked about the plan for addressing the IT significant deficiency and asked for confirmation that the two immaterial items noted by EY were corrected on the financial statements; Ms. Hanna confirmed

that they were. A brief discussion followed, and Ms. Hanna responded to further questions.

At 10:55 a.m., the Committee went into Executive Session with Messrs Blount and Salas and Ms. Goetz from EY.

At 11:10 a.m., the Executive Session concluded; Messrs Blount and Salas and Ms. Goetz left the meeting; and at 11:15 a.m., Chairman Moreland reconvened the Audit & Finance Committee meeting.

APPOINTMENT OF INDEPENDENT AUDITOR FOR 2018 AUDIT SERVICES AND APPROVAL OF FEES

Mr. Feidt presented Management's recommendations that Amtrak retain EY for the FY2018 audit under the option to do so in the current Amtrak-EY agreement, that the agreement be amended to provide for an additional option year for the FY2019 audit and that Amtrak agree to the firm fixed price for the FY2018 audit stated in the executive summary plus the rates and firm fixed prices for the additional required items of work and audits also described there.

After discussion, upon motion by Mr. Coscia and seconded by Mr. Moreland, the Committee voted to approve the resolutions (a) approving the firm fixed prices and rates for FY2018 services and (b) recommending that the Board approve (i) the exercise of the FY2018 option year, (ii) the engagement of EY to provide the FY2018 audit services and (iii) the addition of an option for FY2019.

DEBT RATING AGENCY UPDATE

Ms. Sharma presented the status and profile of Amtrak's debt, liquidity and the current ratings of Standard & Poor's and Moody's and their respective rationales. She also addressed potential sources of financing for existing debt and for additional rolling stock capacity. Discussion followed, and Ms. Sharma and Mr. Feidt responded to questions.

INVESTMENT PERFORMANCE UPDATE

Mr. Feidt reported on the Company's investment performance, noting that the current investment terms of six to nine months would likely be extended if rate hikes continue. Discussion followed, and Mr. Feidt and Ms. Sharma responded to questions.

QUARTERLY AMTRAK CONTROLS REPORT ON STATUS OF OFFICE OF INSPECTOR GENERAL (OIG) AUDITS

Ms. Hanna reviewed for the Committee generally the process for addressing and closing open OIG audit recommendations and the status of the most aged recommendations (three relating to Food & Beverage, one to ADA and one to Overtime). Discussion followed, and Ms. Hanna responded to questions.

ENTERPRISE RISK MANAGEMENT

Mr. Feidt and Ms. Hanna addressed the status of the Senior Director recruitment, their plans for 2018 once that leader is hired and contingency plans if the current recruiting effort is unsuccessful. Discussion followed, and Mr. Feidt and Ms. Hanna responded to questions.

2018 INSURANCE PROGRAMS UPDATE

Ms. Sharma reviewed the Corporation's various liability and property insurance programs, with a particular focus on the excess liability insurance renewal and potential reconfigurations and cost savings. Discussion followed, and Ms. Sharma responded to questions.

NOTIFICATION OF APPROVED CAPITAL PROJECT

This item is a Corporate Governance Policy required notification of a capital project approval by the President & CEO valued over \$5 million and under \$25 million - in this case, an additional \$6.1 million for Amtrak's share of Connecticut DOT's capital infrastructure investments in the period FY17 through FY20.

PIPE AND WIRE UPDATE


This written report responds to questions asked by the Committee in January 2018 about Amtrak's pipe and wire agreements and program. Mr. Gardner and Ms. Acheson commented on particular aspects and responded to questions from the Committee.

EXECUTIVE SESSION

At 12:15pm, the Committee went into Executive Session.

ADJOURNMENT

There being no further business before the Committee, the meeting adjourned at 12:25 p.m.


Eleanor D. Acheson
Corporate Secretary

